

Message Text

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ORIGIN OPIC-06

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FM SECSTATE WASHDC
TO AMEMBASSY DAR ES SALAAM
INFO AMEMBASSY NAIROBI

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FROM OPIC

E.O. 11652:N/A

TAGS: EFIN

SUBJECT: OPIC LOANS TO TANZANIAN HECOGENIN PARTNERSHIP

1. OPIC INVESTMENT COMMITTEE APPROVED A 325,000 DOLLAR
LOAN PACKAGE TO A TWO PHASE HECOGENIN PROJECT ON FEBRUARY
2, 1977. PROJECT WAS SUBJECT OF VISIT TO U.S. EMBASSY DAR
ES SALAAM BY OPIC SENIOR MANAGER PROJECT FINANCE RICHARD
LINDGREN ON MAY 26-27, 1976.

2. PROJECT CALLS FOR U.S. CORPORATION, EAST AFRICAN CHEMI-
CALS LTD., (EAC) TO FORM A 50/50 PARTNERSHIP COMPANY WITH
AN AGENCY OF THE GOT, MOST LIKELY THE TANZANIAN SISAL
CORPORATION. PARTNERS EACH TO INVEST 100,000 DOLLARS.
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EAC WILL ALSO PROVIDE TECHNICAL KNOW-HOW AND MANAGEMENT.
GOT WILL PROVIDE FREE SISAL WASTE, AND WILL PERMIT HECOG-
NIN PLANT TO BE ESTABLISHED ON EXISTING SISAL ESTATE.
PROJECT WILL ALSO UTILIZE ESTATE LABOR FORCE AND UTILITIES
ON A REIMBURSABLE BASIS.

3. HECOGENIN WHICH OCCURS NATURALLY IN SISAL LEAVES IS

NORMALLY DISCARDED IN THE WASTE. PHASE I CALLS FOR A CONCENTRATION PLANT WHICH WILL RECOVER HECOGENIN FROM WASTE

AND PRODUCE, AT CAPACITY, 45 METRIC TONS PER ANNUM OF

"CRUDE" HECOGENIN WHICH IS HECOGENIN MIXED WITH OTHER FOREIGN MATTER IN A POWDER FORM. TOTAL COST IS 255,000 DOLLARS. PHASE II CALLS FOR A DUPLICATE CONCENTRATION PLANT ON A SEPARATE ESTATE AND A TOLUENE PURIFICATION PLANT WHICH WILL REMOVE FOREIGN MATTER FROM CRUDE HECOGENIN MIXTURE TO PRODUCE "PURIFIED" HECOGENIN IN CRYSTAL FORM. PHASE II COST IS 420,000 DOLLARS. BOTH TYPES HECOGENIN WILL BE SOLD TO PHARMACEUTICAL COMPANIES WORLDWIDE FOR HARD CURRENCY. PHARMACEUTICAL COMPANIES USE HECOGENIN TO PRODUCE STEROID DRUGS SUCH AS CORTISONE. CONCENTRATION PLANT PROCESS WILL DIFFER FROM HECOGENIN PLANT AT AMBONI ESTATE BY UTILIZING PATENTED DIBB-BARBOUR FOAMING PROCESS WHICH IS LESS EXPENSIVE PROCESS AND WHICH PRODUCES HIGHER YIELDS OF HECOGENIN.

4. IN ADDITION TO OPIC LOANS AND PARTNERS CAPITAL, PROJECT WILL REQUIRE 150,000 DOLLARS LOAN FROM TANZANIAN CREDIT INSTITUTION IN PHASE II.

5. EAC IS OWNED BY FOUR INDIVIDUALS HENRY JACQZ, A NEW YORK CITY INVESTMENT BANKER WHO IS CHIEF PROMOTER OF PROJECT, JOHN HOYT STOOKEY, PRESIDENT OF NATIONAL DISTILLERS AND CHEMICALS CORP., NEW YORK CITY, FREDERICK BOISSEVAIN, COMPANY ATTORNEY, AND DR. JOHN BARBOUR. BARBOUR IS TO BE LIMITED OFFICIAL USE

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GENERAL MANAGER OF PARTNERSHIP COMPANY. HE IS WELL KNOWN IN FIELD OF STEROID DRUGS, RESIDENT OF NAIROBI, KENYA, AND CONSULTANT TO HECOGENIN PROJECT AT LOMOLO ESTATE, NAKURU, KENYA. HE ALSO OPERATED A PILOT HECOGENIN PROJECT AT KWALAKUNGE, TANZANIA UNDER AUSPICES OF OMNI RESEARCH INC. IN 1974-75.

6. PROJECT SPONSOR HAS HELD PRELIMINARY TALKS WITH GOT PRIMARILY THROUGH U.S. AMBASSADOR BOMANI AND NSILO SWAI, A UN CIVIL SERVANT OF TANZ. NATIONALITY. HOWEVER, EAC WISHES TO PROTECT ITS NEGOTIATING POSITION WITH GOT BY NOT DISCLOSING FULL TERMS OF PROJECT UNTIL APPOINTMENTS CAN BE MADE IN TANZANIA. JACQZ EXPECTS TO DISCUSS PARTNERSHIP TERMS WITH GOT, PROBABLY MIN. MALACHELLA IN MARCH.

7. OPIC CHOSE TO PARTICIPATE IN FINANCING OF PROJECT BECAUSE OF ITS DEVELOPMENTAL BENEFITS. PROJECT WILL UTILIZE AN AGRICULTURAL RESOURCE OTHERWISE WASTED, AND WILL EARN VALUABLE FOREIGN EXCHANGE FOR TANZANIA. PROJECT WILL

ALSO HELP TO STRENGTHEN EMPLOYMENT ON SISAL PLANTATIONS BY CREATING WORK FOR UNDEREMPLOYED WORK FORCE. THE PROJECT IS ALSO EXPECTED TO HAVE A FAVORABLE IMPACT ON THE U.S. BALANCE OF PAYMENTS OF 1,361,000 DOLLARS OVER THE NEXT FIVE YEARS.

8. PROJECT SPONSOR HENRY JACQZ EXPECTS TO TRAVEL TO TANZANIA TO BEGIN NEGOTIATIONS WITH GOT WITHIN 30 DAYS. PREMATURE DISCLOSURE OF PROJECT MAY HAMPER NEGOTIATIONS WITH GOT, THEREFORE OPIC REQUESTS THAT EMBASSY NOT DISCUSS PROJECT WITH GOT. OPIC WILL ENCOURAGE JACQZ TO GET IN TOUCH WITH EMBASSY UPON ARRIVAL.

9. OPIC FINANCE OFFICER TODD PARNELL SUBJECT OF SEPARATE TELEGRAM PLANS VISIT TO POST FEBRUARY 23-25. AT THIS TIME PARNELL WILL DISCUSS PROJECT AND OPIC LOAN PAPER IN DETAIL WITH EMBASSY OFFICIALS. DECONTROL FOLLOWING 2/9/78.

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Message Attributes

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